

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SWF-01 AID-05 CEA-01 CIAE-00 COME-00

EB-04 FRB-01 INR-05 NSAE-00 RSC-01 CIEP-01 SP-02

STR-01 TRSE-00 LAB-01 SIL-01 SAM-01 OMB-01 AGR-05

NSC-05 SS-15 L-02 H-01 DODE-00 PA-01 USIA-06 PRS-01

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: ETRD, AGR. EEC

SUBJECT: EC/ACP SUGAR NEGOTIATIONS

REF: A) EC BRUSSELS 7336

B) EC BRUSSELS 8127

1. SUMMARY: THE EC COUNCIL OF FOREIGN MINISTERS IS EXPECTED TO PROVIDE THE EC COMMISSION NEXT WEEK WITH A SUPPLEMENTARY NEGOTIATING MANDATE IN ORDER THAT THE EC/ACP SUGAR NEGOTIATIONS MAY BE CONCLUDED. THE SUPPLEMENTARY DIRECTIVES CONTAIN NO SURPRISES BUT THE QUESTION OF PRICE REMAINS TO BE SETTLED IN THE FINAL PHASES OF THE NEGOTIATIONS. THE COMMISSION ALSO RECOMMENDS THAT ALKS BE OPENED WITH INDIA WITH A VIEW TO IMPORTING INDIAN SUGAR. END SUMMARY.

2. THE MISSION HAS OBTAINED THE TEXT OF A COMMISSION
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DOCUMENT (COM(74)1974) WHICH CONTAINS, INTER ALIA,

THE COMMISSION'S REQUEST TO THE COUNCIL FOR SUPPLEMENTARY NEGOTIATING DIRECTIVES COVERING THE EC/ACP SUGAR NEGOTIATIONS THE DIRECTIVES WILL BE CONSIDERED BY THE COUNCIL OF FOREIGN MINISTERS' MEETING NOVEMBER 12-13 (DOCUMENT POUCHED TO EUR/RPE AND USDA).

3. THE COMMISSION PROPOSES TO COMPLETE ITS NEGOTIATING MANDATE FOR ACP SUGAR WITH THE FOLLOWING DIRECTIVES:

A. THE EC AGREES TO A PURCHASE GUARANTEE FOR CRUDE AND WHITE SUGAR FROM THE ACPS PROVIDED EACH CONTRACTING COUNTRY ASSUMES THE OBLIGATION TO DELIVER THE NEGOTIATED QUANTITY.

B. THE OVERALL QUANTITY SUBJECT TO GUARANTEE OVER A PERIOD OF TWELVE MONTHS CANNOT EXCEED 1.4 MILLION TONS (WHITE SUGAR EQUIVALENT) AND THIS QUANTITY IS TO BE DISTRIBUTED AMONGST THE COUNTRIES CONCERNED.

C. RESPECT FOR MUTUAL OBLIGATIONS WILL BE ASSURED BY MEASURES TO BE DEFINED DURING THE COURSE OF THE NEGOTIATIONS.

D. THE SUGAR WILL BE MARKED ON THE FREE COMMUNITY MARKET UNDER NORMAL CONDITIONS; HOWEVER, GUARANTEED PURCHASE PRICES ARE ASSURED FOR CRUDE SUGAR AND FOR WHITE SUGAR. THESE GUARANTEED PRICES ARE NEGOTIATED WITHIN THE LIMITS OF APPLICABLE PRICES WITHIN THE EC AND ARE CIF EUROPEAN PORT.

E. THE GUARANTEED PRICES MAY BE REVISED ANNUALLY IN RELATION TO PRICES APPLIED IN THE COMMUNITY DURING THE MARKETING PERIOD.

F. THIS AGREEMENT FORMS AN INTEGRAL PART OF THE ASSOCIATION CONVENTION.

G. MUTUAL COMMITMENTS ARE TAKEN FOR THE SAME DURATION AS THE CONVENTION'S PROVISIONS ON TRADE (I.E. FIVE YEARS); THEY MAY BE REVISED OR PROLONGED IN ACCORDANCE WITH THE PROCEDURE LIMITED OFFICIAL USE

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USED FOR PERIODIC REEXAMINATION.

H. THE PROVISIONS OF THE CONVENTION MAY BE USED TO CONTRIBUTE TO IMPROVING ACP SUGAR CANE PRODUCTION OR, IN CERTAIN CASES TO ENCOURAGE DIVERSIFICATION.

4. THESE SUPPLEMENTARY NEGOTIATION DIRECTIVES REFLECT CONCERNS EXPRESSED BY THE ACP SIDE DURING RECENT EXPLORATORY TALKS

BETWEEN THE COMMISSION AND THE ACPS. THE COMMISSION DOCUMENT ALSO CONTAINS A REPORT ON THESE TALKS, HIGHLIGHTS OF WHICH FOLLOWS:

5. TIME PERIOD: WITH RESPECT TO DURATION, THE ACP SIDE WANTS A FIRM COMMITMENT ASSURING CONTINUOUS ACCESS FOR SUGAR OVER AN APPROPRIATELY LONG TERM IN ORDER TO TAKE INTO ACCOUNT THEIR CONCERNS REGARDING THE IMPORTANCE OF INDUSTRIAL INVESTMENT AND THE ECONOMIC CYCLES OF THE SUGAR CANE INDUSTRY.

6. PRICE/QUANTITY: SO FAR EC/ACP DISCUSSIONS ON PRICE HAVE ONLY BEEN EXPLORATORY. AN EC/ACP AGREEMENT REGARDING PRICE WILL NOT BE MADE UNTIL AFTER THE COUNCIL APPROVES THESE SUPPLEMENTARY DIRECTIVES GIVING THE COMMISSION A BASIS ON WHICH TO PROPOSE SPECIFIC PRICES. THE ACP SIDE HAS INDICATED THAT THEY ARE NOT WILLING TO ACCEPT AS A MAXIMUM PRICE THE PRICE PAID TO COMMUNITY SUGAR PRODUCERS. THEY WANT THE AGREED-ON PRICE TO REFLECT FACTORS SUCH AS CURRENT WORLD RATES, THE PRICE PAID RECENTLY IN THE CONTEXT OF THE COMMONWEALTH SUGAR AGREEMENT, PRICE INCREASES WHICH BENEFIT COMMUNITY PRODUCERS AND THE NEED TO RAISE THE STANDARD OF LIVING IN ACP COUNTRIES. ANNUAL REVISIONS OF THIS PRICE ARE IN THEIR OPINION INDISPENSABLE.

7. INDIAN SUGAR: ALSO CONTAINED IN THE COMMISSION DOCUMENT IS A REQUEST TO THE COUNCIL FOR NEGOTIATING DIRECTIVES TO PERMIT THE COMMISSION TO OPEN NEGOTIATIONS CONCERNING IMPORTS OF SUGAR FROM INDIA. THE REQUESTED DIRECTIVES ARE IDENTICAL TO ACP DIRECTIVES A THROUGH E (PARA 3 ABOVE) EXCEPT THAT THE QUANTITY TO BE GUARANTEED TO INDIA WILL BE LIMITED OFFICIAL USE

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ALLOCATED AS PART OF THE TOTAL 1.4 MILLION-TON GUARANTEE.GREENWALD

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